

Message Text

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ACTION IO-11

INFO OCT-01 ISO-00 FEA-01 ACDA-05 CIAE-00 INR-07 L-03

NSAE-00 NSC-05 EB-07 NRC-05 OES-03 DODE-00 ERDA-05

OMB-01 TRSE-00 ABF-01 SS-15 SP-02 AF-06 ARA-06 EA-07

EUR-12 NEA-10 /113 W

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P R 261739Z FEB 76

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 7141

INFO USERDA GERMANTOWN PRIORITY

AMEMBASSY LONDON

AMEMBASSY MANILA

USMISSION USUN

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PASS IO/SCT

Z.O. 11652: N/A

TAGS: OCON, PARM, TECH, IAEA, ABUD

SUBJECT: FEBRUARY MEETING OF IAEA BOARD OF GOVERNORS: U.S.

RESOLUTION ON SAFEGUARDS FINANCING

REF (A) STATE 14297 (NOTAL), (B) IAEA VIENNA 917 (NOTAL),

(C) IAEA VIENNA 1345 (NOTAL), (D) IAEA 1310 (NOTAL).

SUMMARY: U.S. RESOLUTION, CO-SPONSORED BY UK AND PHILIP-PINES ESTABLISHING NEW ARRANGEMENTS FOR FINANCING OF AGENCY'S SAFEGUARDS EXPENSES, WAS ADOPTED BY BOARD 2/26 FOLLOWING DISCUSSION WHICH REVEALED BROAD CONSENSUS OF APPROVAL AND GENERAL APPRECIATION, ESPECIALLY ON PART OF LDCS, FOR CONSTRUCTIVENESS OF U.S. INITIATIVE. END SUMMARY.

1. U.S. RESOLUTION ON SAFEGUARDS FINANCING ARRANGEMENT WAS CONTAINED IN DOCUMENT GOV/1777, (TEXT FOLLOWS SEPTEL).

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ASIDE FROM MINOR AND NON-SUBSTANTIVE EDITORIAL CHANGES,

TEXT WAS AS TRANSMITTED REF. B, WITH ALTERATIONS (REF. C AND D) PROVIDING FOR SAFEGUARDS ASSESSMENTS OF NEW MEMBERS, FOR REVIEW OF ARRANGEMENTS IN 1980 AND FOR DROPPING OF \$1000 MINIMUM AMOUNT FOR SAFEGUARDS CONTRIBUTION. LATTER WAS DROPPED IN ACCORDANCE INSTRUCTIONS REF. A WHEN IT BECAME CLEAR THIS PROVISION CAUSED PROBLEMS FOR LDC BOARD MEMBERS.

2. BOARD CONSIDERATION WAS PRECEDED BY WEEKS OF CONSULTATIONS BETWEEN MISOFFS AND REPS OF ALMOST ALL MEMBERS OF THE BOARD, AS WELL AS SEVERAL REPS OF IMPORTANT AGENCY MEMBERS NOT CURRENTLY ON BOARD, E.G., PAKISTAN, MEXICO. INITIAL REACTIONS, WHICH FOR MOST PART WERE REFLECTED IN BOARD DISCUSSIONS, RANGED FROM HIGHLY FAVORABLE TO INTERESTED, WITH SOME DEVELOPED COUNTRIES EXPRESSING SOME RESERVATIONS RE TIMING OF PROPOSAL. FOR FURTHER ELUCIDATION OF DELEGATIONS NOT ENTIRELY ACQUAINTED WITH AGENCY'S COMPLEX FORMULA FOR SAFEGUARDS FINANCING AND IMPLICATIONS OF U.S. PROPOSAL, MISSION PREPARED AND DISTRIBUTED TO ALL BOARD MEMBERS A BRIEF BUT HELPFUL EXPLANATORY PAPER ON THE SUBJECT JUST PRIOR TO BOARD CONSIDERATION. FINALLY, IN INTROCUING GOV/1777 TO BOARD, U.S. GOVERNOR SUMMARIZED SIGNIFICANT IMPLICATION OF NEW ARRANGEMENTS, NOTING THAT THEY RESPONDED TO RECOMMENDATION OF NPT REVCON THAT BURDEN TO LDCS OF INCREASING SAFEGUARDS COST BE TAKEN INTO ACCOUNT WHEN FINANCING ARRANGEMENTS ARE REVIEWED, BUT AT THE SAME TIME THAT ARRANGEMENTS WOULD PLACE FULL BURDEN OF INCREASED EXPENDITURES ON DEVELOPED STATES WHICH HAD ALSO SUFFERED ECONOMIC DIFFICULTIES OVER THE PAST FEW YEARS. RESOLUTION NEVERTHELESS PRESENTED A FAIR AND EQUITABLE FORMULA WHICH PRESERVED INTACT THE PRINCIPLE THAT SINCE ALL MEMBER STATES BENEFITED FROM AGENCY SAFEGUARDS, ALL MUST PARTICIPATE IN CONTRIBUTING TOWARDS SAFEGUARDS EXPENSES.

3. THIRTEEN GOVERNORS TOOK THE FLOOR TO WELCOME AND PRAISE U.S. INITIATIVE (BRAZIL, INDIA, ZAIRE, SOUTH AFRICA, BANGLADESH, TURKEY, CHILE, YUGOSLAVIA, SPAIN, INDONESIA, CANADA, COLOMBIA, THAILAND). BRAZILIAN GOVERNOR TERMED IT "THE FIRST FAIR PROPOSAL REGARDING SAFEGUARDS HE HAD EVERY HEARD". INDIAN GOVERNOR, WHILE RECITING USUAL LITANY REGARDING HIS CONTINUING CONCERN ABOUT RATE OF GROWTH OF SAFEGUARDS COSTS (EXPRESSED ALSO BY GOVERNORS OF ZAIRE AND LIMITED OFFICIAL USE

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BANGLADESH) WELCOMED RELIEF NEW ARRANGEMENTS PROVIDED FOR DEVELOPING COUNTRIES. COLOMBIAN REP REFERRED TO "GENEROSITY" OF U.S. PROPOSAL. GOVERNOR OF SPAIN ANNOUNCED HIS "SHOLE-HEARTED SUPPORT" FOR PROPOSAL.

4. REPS OF DEVELOPED STATES ALSO SUPPORTED, THOUGH, WITH EXCEPTION OF UK, WITH MARKEDLY IF UNDERSTANDABLY LESS ENTHUSIASM. SOVIET GOVERNOR EXPRESSED CONCERN LEST NPT SAFE-

GUARDS SYSTEM BE WEAKENED BY FAILURE OF ALL PARTIES TO PARTICIPATE FULLY IN SAFEGUARDS FINANCING. OTHER GOVERNORS (JAPAN, FRG, FRANCE, AUSTRALIA, NETERLANDS) SUPPORTED CONSENSUS BUT EXPRESSED FOR THE RECORD THEIR VIEWS THAT SAFEGUARDS COSTS SHOULD BE SHARED EQUITABLY BY ALL. MOREOVER, NEW FINANCING ARRANGEMENTS, THEY SAID, WERE NOT RPT NOT TO BECOME PRECEDENT FOR OTHER FINANCING ARRANGEMENTS IN AGENCY OR IN OTHER INTERNATIONAL ORGANIZATIONS. IN CLOSING SUMMATION, BOARD CHAIRMAN STATED THAT U.S. RESOLUTION APPREARED TO HAVE SUPPORT OF ALL BOARD MEMBERS.

5. COMMENT: ASIDE FROM SOME GOODWILL GENERATED, MAJOR IMMEDIATE TRIUMPH FOR US IN ADOPTION OF THIS RESOLUTION WAS FORESTALLING OF CALLS FOR RECONVENING OF SAFEGUARDS COMMITTEE (WHICH WAS NOT EVEN MENTIONED AT BOARD). WHAT THAT WOULD HAVE MEANT WAS CLEARLY IMPLIED IN REMARKS TO BOARD BY GOVERNOR OF POLAND WHO, FOLLOWING ADOPTION OF RESOLUTION, REMARKED THAT AT TIME OF NEXT REVIEW IN 1980 SECRETARIAT SHOULD BE PREPARED TO PROVIDE MEMBERS WITH LONG-RANGE FORECASTS OF SAFEGUARDS EXPENSES IN ORDER THAT A NEW AND MORE EQUITABLE FORMULA MIGHT BE FOUND, PERHAPS ONE BASED ON INSTALLED MEGAWATTS OF NUCLEAR POWER. OVER THE LONGER TERM, WHILE IT WOULD BE UNREALISTIC TO EXPECT LDCS TO SHOW THEIR APPRECIATION OF THE NEW ARRANGEMENTS BY A MORE RESPONSIBLE POSITION VIS A VIS THE ANNUAL TARGET FOR CONTRIBUTIONS TOWARD THE TECHNICAL ASSISTANCE PROGRAM, WE BELIEVE ARRANGEMENTS WILL DO MUCH TO DEFUSE WHAT HAS LONG BEEN A DIVISIVE ISSUE WITHIN THE AGENCY. END COMMENT.

6. FOR MANILA. YOUR EFFORTS ON OUR BEHALF WITH AMB. SIAZON ARE MUCH APPRECIATED. SIAZON ARRIVED AT MEETING ONLY MOMENTS BEFORE ITEM CAME UP ON AGENDA BUT IN TIME FOR BOARD TO BE INFORMED THAT PHILIPPINES WOULD CO-SPONSOR RESOLUTION.
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BECAUSE OF ATTACK OF LARYNGITIS, HE WAS UNABLE TO ADDRESS BOARD ON THIS SUBJECT, A RARE OCCURRENCE INDEED.TAPE

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